

# MedChi

*The Maryland State Medical Society*

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TO: The Honorable Thomas “Mac” Middleton, Chairman  
Members, Senate Finance Committee

FROM: Joseph A. Schwartz, III  
Pamela Metz Kasemeyer  
J. Steven Wise

DATE: February 15, 2012

RE: **SUPPORT** – Senate Bill 456 – *Health Insurance – Health Benefit Plan Premium Rate Review*

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The Maryland State Medical Society (MedChi), which represents over 7,600 Maryland physicians and their patients, supports Senate Bill 456.

Senate Bill 456 installs the “Prior Approval” system for Maryland health benefit plans so that an insurance carrier must receive the approval of the Maryland Insurance Administration (MIA) prior to charging a premium for a policy. An insurance carrier must file the proposed premium with the MIA (page 5, lines 13-15) and it will be deemed approved either upon the explicit approval of the Commissioner or unless it is disapproved, within a certain period of time (page 5, lines 31 - page 6, line 2). The MIA is required to determine whether the premium is excessive in relation to the benefits (page 6, lines 3-6).

Senate Bill 456 also gives the MIA the authority to review existing rates and to order modifications where appropriate (page 6, line 25 to page 7, line 22). At the present time CareFirst is required to seek the “prior approval” of the Commissioner. A Maryland HMO is required to file their rates but are not required to obtain the Commissioner’s “prior approval.”

Senate Bill 456 will establish a prior approval requirement on all health benefits plans offered in the State and, as such, will further the objectives of the federal Affordable Care Act by making insurance premiums subject to ongoing review and ongoing justification.

The Honorable Thomas “Mac” Middleton  
Senate Bill 456  
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MedChi believes that proper oversight of health insurance companies is a critical part of efforts necessary to accomplish meaningful health care reform and supports Senate Bill 456 as a vehicle of accomplishing that.

**For more information call:**

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